



FISCAL MEMORANDUM

HB 1675 - SB 1840

February 28, 2022

SUMMARY OF BILL AS AMENDED (014403): Authorizes the county legislative body (CLB) of Maury County to impose an impact fee on residential development in the county. Establishes a maximum initial impact fee of \$3.00 per square foot, which may not be increased for four years after the impact fee is imposed. Prohibits the CLB of Maury County from increasing the rate of the impact fee by more than 10 percent.

Earmarks the revenues for this fee to pay the costs of construction or renovation of schools, public facilities, and other related infrastructure.

FISCAL IMPACT OF BILL AS AMENDED:

Increase Local Revenue –

\$2,368,300/FY22-23 and Subsequent Years/Permissive/Maury County

Other Fiscal Impact – The proposed legislation earmarks revenues from the impact fee to pay the costs of construction or renovation of schools, public facilities, and other related infrastructure. These collections will be spent for these purposes and could allow for other local funds to be spent elsewhere.

Assumptions for the bill as amended:

- The proposed language is applicable only to Maury County.
- Per the language of this legislation, if the CLB of Maury County opts to impose an impact fee on residential development, it would be required to pass a resolution by a two-thirds vote of the legislative body at two regular meetings and provide an opportunity for public comment at an open meeting after the initial approval of the resolution.
- Such a vote by the CLB or opportunity for public comment would be accomplished at a regularly-scheduled meeting; therefore, any increase in local expenditures is considered not significant.
- The proposed language specifies that the amount of an initial impact fee imposed must not exceed \$3.00 per square foot of floor area in the development.
- Pursuant to Tenn. Code Ann. § 67-4-2913, after June 20, 2006, no county shall be authorized to enact an impact fee on development.
 - Counties authorized by private act to collect impact fees prior to June 20, 2006 were grandfathered in and authorized to continue collecting such fees.

- Grandfathered counties include: Macon County and Williamson County.
- Based on information from the U.S. Census Bureau and the 2020 Census:
 - There were 912,000 single-family homes and 375,000 multifamily units completed nationally.
 - Tennessee's population is 2.1% of the national population; therefore, it is estimated that Tennessee has an average of 19,152 single-family homes ($2.1\% \times 912,000$ single-family homes) and 7,875 multifamily units ($2.1\% \times 375,000$ multifamily units).
 - The median size of a completed single-family house is 2,261 square feet.
 - The median size of a multifamily unit built for rent is 1,075 square feet and the median size of a multifamily unit built for sale is 1,306 square feet, resulting in the median size of a multifamily unit being 1,191 square feet $[(1,075 \text{ square feet} + 1,306 \text{ square feet}) / 2]$.
 - Maury County has a population of 100,974, accounting for 1.5% of Tennessee's population.
 - Maury County would account for 287 single-family units ($19,152 \times 1.5\%$) and 118 multifamily units ($7,875 \times 1.5\%$).
- The average impact fee for a single-family unit is estimated to be \$6,783 ($\$3.00 \times 2,261$ square feet).
- The average impact fee for a multifamily unit is estimated to be \$3,573 ($\$3.00 \times 1,191$ square feet).
- This legislation would result in a permissive increase in local revenue for Maury County.
- The recurring permissive increase in local government revenue in relation to single-family units is estimated to be \$1,946,721 ($\$6,783 \times 287$), beginning in FY22-23.
- The recurring permissive increase in local government revenue in relation to multifamily units is estimated to be \$421,614 ($\$3,573 \times 118$), beginning in FY22-23.
- The total recurring permissive increase in local government revenue is estimated to be \$2,368,335 ($\$1,946,721 + \$421,614$), beginning FY22-23.
- The proposed legislation prohibits the CLB of Maury County from increasing the rate of the impact fee by more than 10 percent. Due to multiple unknown factors such as if the CLB of Maury County will opt to impose an impact fee and when, and if the CLB of Maury County will opt to increase said fee and to what extent, any increase in local revenue due to increasing the rate of an impact fee cannot be reasonably determined.
- Per the language of this legislation, all revenue collected as a result of such fees are to be earmarked to pay the costs of construction or renovation of schools, public facilities, and other related infrastructure. These collections will be spent for these purposes and could allow for other local funds to be spent elsewhere.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid.

Krista Lee Carsner, Executive Director

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